

Grosse Pointe Shores

Year Ended June 30, 2015

Audit Presentation
November 17, 2015

Presented by:
William I. Tucker IV, CPA
Principal



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants



**SETTING THE STANDARD FOR QUALITY
GOVERNMENTAL AUDITS**

Principals

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INDEPENDENT AUDITOR'S REPORT

To the City Council
Village of Grosse Pointe Shores, A Michigan City
Wayne and Macomb Counties, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Grosse Pointe Shores, A Michigan City (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Grosse Pointes-Clinton Refuse Disposal Authority, which represent less than 1 percent, 2 percent, and less than 1 percent of the assets, net position, and revenues, respectively, of the governmental activities. We did not audit the Grosse Pointe Shores Improvement Foundation, which represents 100%, 100%, and 100%, respectively of the total assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Grosse Pointe Shores Improvement Foundation and the equity interest in the Grosse Pointes-Clinton Refuse Disposal Authority, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Grosse Pointe Shores, A Michigan City, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As discussed in Note M to the financial statements, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, during the year. As a result, the financial statements now recognize the City's unfunded defined pension benefit obligation as a liability for the first time and more comprehensively and comparable measures the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). Our opinions are not modified with respect to this matter.

Also as discussed in Note M to the financial statements, the City implemented GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, during the year. As a result, the City recognized a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension system and other post-employment benefit system schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Grosse Pointe Shores, A Michigan City's basic financial statements. The combining nonmajor governmental fund, pension and employee benefit trust fund, and agency fund financial statements, and the annual information statements, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental fund, pension and employee benefit trust fund, and agency fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The annual information statement has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

November 12, 2015

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Village of Grosse Pointe Shores, A Michigan City

STATEMENT OF NET POSITION

June 30, 2015

	Primary Government			Component Unit (Improvement Foundation)
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,592,123	\$ 476,354	\$ 2,068,477	\$ 146,085
Investments	502,022	-	502,022	-
Receivables	38,576	285,813	324,389	-
Due from other governmental units	166,831	-	166,831	-
Internal balances	(230,228)	230,228	-0-	-
Inventory	27,434	2,975	30,409	-
Prepays	40,087	979	41,066	574
Total current assets	2,136,845	996,349	3,133,194	146,659
Noncurrent assets				
Investments	-	-	-0-	887,339
Investment in joint venture	21,500	-	21,500	-
Capital assets not being depreciated	880,608	5,053	885,661	-
Capital assets being depreciated, net	4,599,572	10,224,744	14,824,316	-
Total noncurrent assets	5,501,680	10,229,797	15,731,477	887,339
TOTAL ASSETS	7,638,525	11,226,146	18,864,671	1,033,998
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	62,743	69,804	132,547	-
Deferred outflows of resources related to pensions	3,274,957	167,006	3,441,963	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,337,700	236,810	3,574,510	-0-
LIABILITIES				
Current liabilities				
Accounts payable	301,663	-	301,663	458
Accrued wages	106,665	1,367	108,032	-
Accrued interest payable	21,312	49,748	71,060	-
Unearned revenue	-	487,547	487,547	525
Current portion of compensated absences	4,288	-	4,288	-
Current portion of long-term debt	293,947	404,745	698,692	-
Total current liabilities	727,875	943,407	1,671,282	983
Noncurrent liabilities				
Other post-employment benefits obligation	2,291,243	-	2,291,243	-
Noncurrent portion of compensated absences	495,253	15,316	510,569	-
Noncurrent portion of long-term debt	3,542,707	4,810,895	8,353,602	-
Net pension liability	2,977,965	151,861	3,129,826	-
Total noncurrent liabilities	9,307,168	4,978,072	14,285,240	-0-
TOTAL LIABILITIES	10,035,043	5,921,479	15,956,522	983
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	51,907	2,647	54,554	-0-
NET POSITION				
Net investment in capital assets	1,706,269	5,083,961	6,790,230	-
Restricted				
Streets and highways	290,733	-	290,733	-
Public safety	61,777	-	61,777	-
Debt service	3,431	-	3,431	-
Capital outlay	-	-	-0-	-
Expendable endowment	-	-	-0-	10,395
Nonexpendable endowment	-	-	-0-	610,000
Unrestricted	(1,172,935)	454,869	(718,066)	412,620
TOTAL NET POSITION	\$ 889,275	\$ 5,538,830	\$ 6,428,105	\$ 1,033,015

See accompanying notes to financial statements.

Village of Grosse Pointe Shores, A Michigan City

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

Starts w/expenses, reads left-to-right; then top-to-bottom

Functions/Programs	Program Revenues				Primary Government		Component Unit (Improvement Foundation)
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	
Primary government							
General government	\$ 854,067	\$ 518,365	\$ 49,648		\$ (286,054)	\$ -	\$ -
Public safety	4,084,305	-	27,740		(4,056,565)	-	(4,056,565)
Public works	1,778,101	138,554	202,695		(1,436,852)	-	(1,436,852)
Health and welfare	31,688	55,264	-		23,576	-	23,576
Community and economic development	7,464	-	-		(7,464)	-	(7,464)
Recreation and culture	134,546	-	-		(134,546)	-	(134,546)
Interest and fees on long-term debt	95,658	-	-		(95,658)	-	(95,658)
Total governmental activities	6,985,829	712,183	280,083		(5,993,563)	-0-	-0-
Business-type activities							
Water and sewer	2,037,756	1,583,752	-		-	(454,004)	(454,004)
Marina	298,594	198,819	-		-	(99,775)	(99,775)
Total business-type activities	2,336,350	1,782,571	-0-		-0-	(553,779)	(553,779)
Total primary government	\$ 9,322,179	\$ 2,494,754	\$ 280,083		(5,993,563)	(553,779)	(6,547,342)
Component unit							
Grosse Pointe Shores Improvement Foundation	\$ 103,767	\$ -	\$ 117,352		-	-	-0-
							13,585
General revenues							
Property taxes					4,596,795	-	4,596,795
State shared revenue					241,781	-	241,781
Investment earnings					2,186	952	3,138
Miscellaneous					182,636	-	182,636
Transfers					(248,491)	248,491	-0-
Total general revenues and transfers					4,774,907	249,443	5,024,350
Change in net position					(1,218,656)	(304,336)	(1,522,992)
Restated net position, beginning of the year					2,107,931	5,843,166	7,951,097
Net position, end of the year					\$ 889,275	\$ 5,538,830	\$ 6,428,105
							\$ 1,033,015

See accompanying notes to financial statements.

Village of Grosse Pointe Shores, A Michigan City

Governmental Funds

BALANCE SHEET

June 30, 2015

	General Fund	Nonmajor Governmental Funds	Total
ASSETS			
Cash and cash equivalents	\$ 1,336,274	\$ 255,849	\$ 1,592,123
Investments	502,022	-	502,022
Accounts receivable	38,576	-	38,576
Due from other governmental units	132,876	33,955	166,831
Due from other funds	227,134	117,487	344,621
Inventory	27,434	-	27,434
Prepays	40,087	-	40,087
TOTAL ASSETS	\$ 2,304,403	\$ 407,291	\$ 2,711,694
LIABILITIES			
Accounts payable	\$ 301,663	\$ -	\$ 301,663
Accrued wages	106,665	-	106,665
Due to other funds	544,811	30,038	574,849
TOTAL LIABILITIES	953,139	30,038	983,177
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	23,919	-	23,919
FUND BALANCES			
Nonspendable			
Inventory	27,434	-	27,434
Prepays	40,087	-	40,087
Restricted			
Streets and highways	-	290,733	290,733
Public safety	-	61,777	61,777
Debt service	-	24,743	24,743
Assigned			
Capital outlay	195,188	-	195,188
Unassigned	1,064,636	-	1,064,636
TOTAL FUND BALANCES	1,327,345	377,253	1,704,598
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,304,403	\$ 407,291	\$ 2,711,694

Collectively "unrestricted"
 $(\$195,188 + \$1,064,636) / (\$5,187,647 + \$198,647) =$
 23.4%

GFOA recommends
 maintaining a GF fund
 balance equal to a minimum
 of 2 months of operations
 2/12 ~ 17%

Village of Grosse Pointe Shores, A Michigan City

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2015

	General Fund	Nonmajor Governmental Funds	Total
REVENUES			
Taxes	\$ 4,265,352	\$ 465,038	\$ 4,730,390
Intergovernmental	291,129	202,695	493,824
Licenses and permits	82,020	-	82,020
Charges for services	233,887	-	233,887
Fines and forfeits	259,286	-	259,286
Interest	2,128	58	2,186
Other	182,935	27,740	210,675
TOTAL REVENUES	5,316,737	695,531	6,012,268
EXPENDITURES			
Current			
General government	1,057,401	-	1,057,401
Public safety	2,166,103	26,514	2,192,617
Public works	788,442	139,676	928,118
Health and welfare	98,588	-	98,588
Community and economic development	22,092	-	22,092
Recreation and culture	315,046	-	315,046
Other	289,263	-	289,263
Capital outlay	196,954	66,974	263,928
Debt service	253,758	95,194	348,952
TOTAL EXPENDITURES	5,187,647	328,358	5,516,005
EXCESS OF REVENUES OVER EXPENDITURES	129,090	367,173	496,263
OTHER FINANCING SOURCES (USES)			
Transfers in	225,000	118,647	343,647
Transfers out	(198,647)	(393,491)	(592,138)
TOTAL OTHER FINANCING SOURCES (USES)	26,353	(274,844)	(248,491)
NET CHANGE IN FUND BALANCES	155,443	92,329	247,772
Fund balances, beginning of year	1,171,902	284,924	1,456,826
Fund balances, end of year	\$ 1,327,345	\$ 377,253	\$ 1,704,598

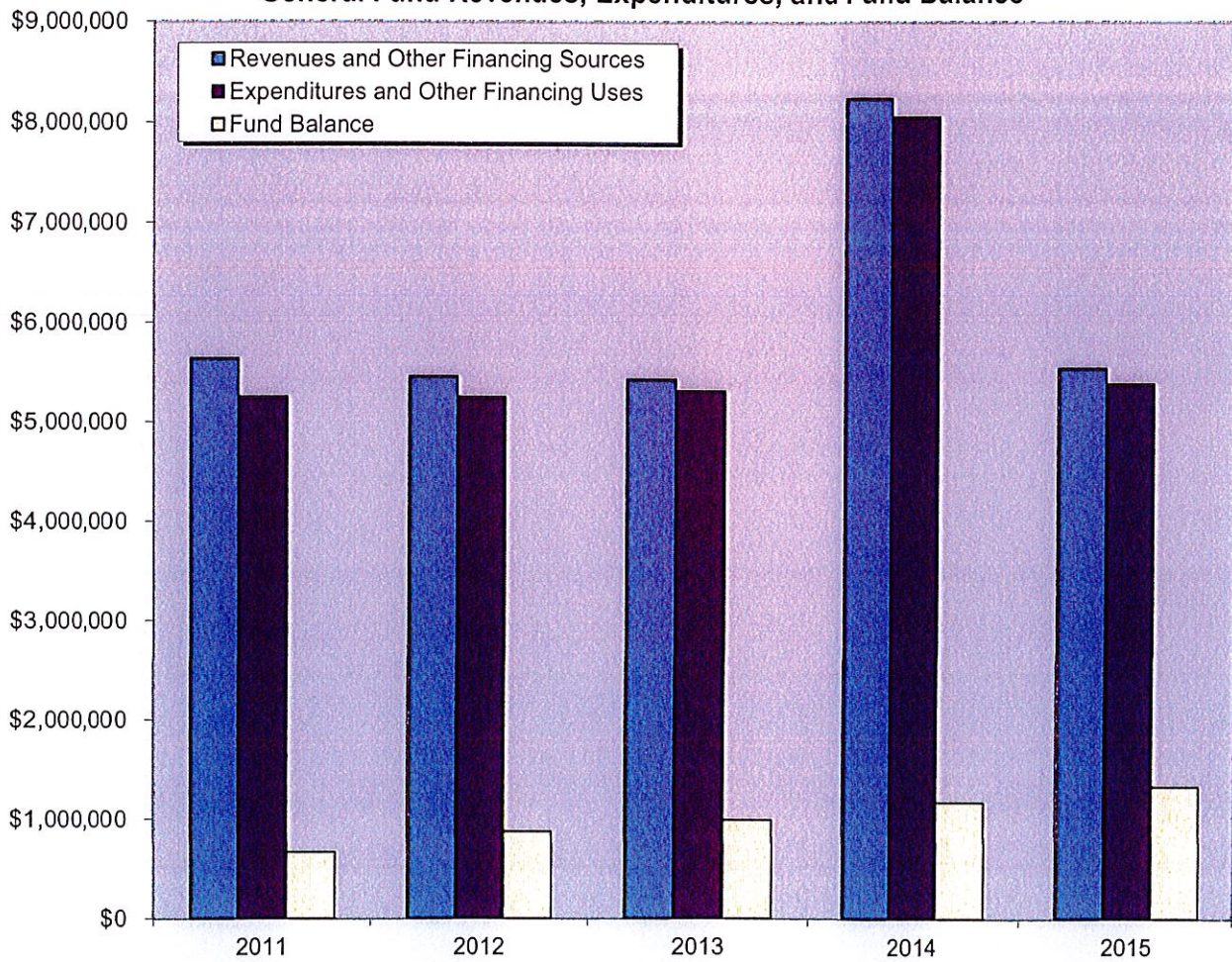
5.6% Increase

In 2014, the City entered into an installment purchase agreement for various improvements to lighting, heating, cooling, and other energy saving measures (Honeywell project). Primarily affected GG and PW functions.

35% Decrease

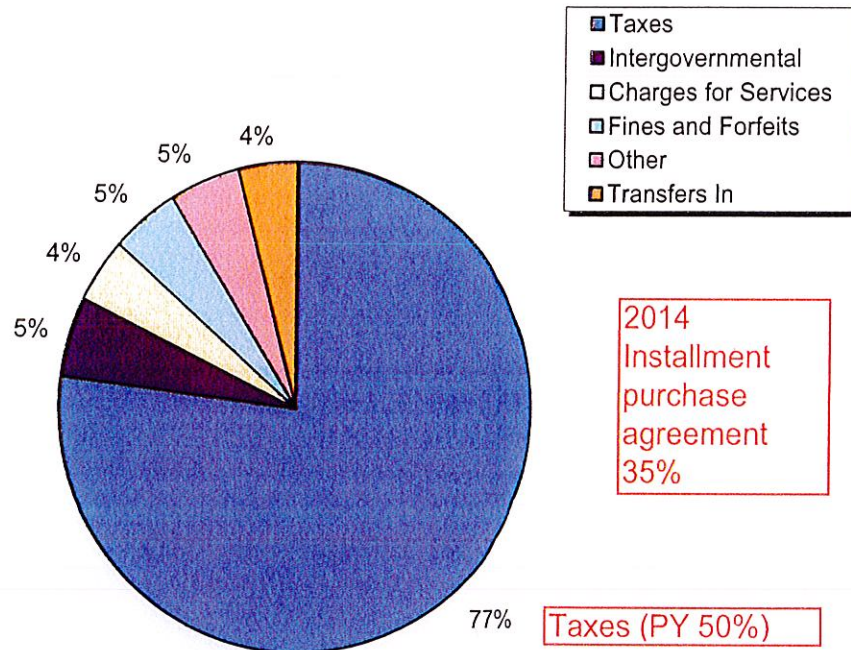
Added to FB. PY added \$181,000

**Village of Grosse Pointe Shores, a Michigan City
General Fund Revenues, Expenditures, and Fund Balance**

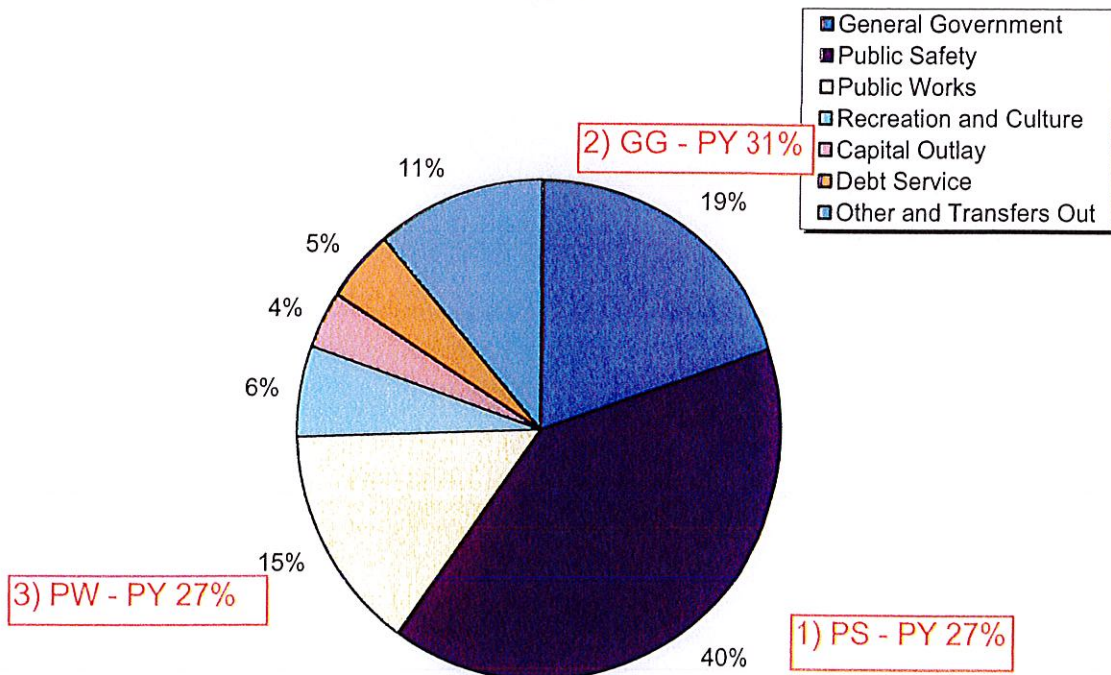


5-year trend for GF revenues, expend., total fund balance
2014 Honeywell project; 2015 back to "normal operations"

Village of Grosse Pointe Shores, a Michigan City
General Fund Revenues and Other Financing Sources
2015



Village of Grosse Pointe Shores, a Michigan City
General Fund Expenditures and Other Financing Uses
2015



Village of Grosse Pointe Shores, A Michigan City

Proprietary Funds

STATEMENT OF NET POSITION

June 30, 2015

	Water and Sewer Fund	Marina Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ -	\$ 476,354	\$ 476,354
Accounts receivable	285,374	439	285,813
Due from other funds	447,324	-	447,324
Inventory	2,975	-	2,975
Prepays	979	-	979
Total current assets	736,652	476,793	1,213,445
Noncurrent assets			
Capital assets not being depreciated	5,053	-	5,053
Capital assets being depreciated, net	6,916,287	3,308,457	10,224,744
Total noncurrent assets	6,921,340	3,308,457	10,229,797
TOTAL ASSETS	7,657,992	3,785,250	11,443,242
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	69,804	-	69,804
Deferred outflows of resources related to pensions	167,006	-	167,006
TOTAL DEFERRED OUTFLOWS OF RESOURCES	236,810	-0-	236,810
LIABILITIES			
Current liabilities			
Accrued wages payable	1,367	-	1,367
Accrued interest payable	11,764	37,984	49,748
Due to other funds	-	217,096	217,096
Unearned revenue	309,648	177,899	487,547
Current portion of long-term debt	358,766	45,979	404,745
Total current liabilities	681,545	478,958	1,160,503
Noncurrent liabilities			
Compensated absences	15,316	-	15,316
Noncurrent portion of long-term debt	1,309,152	3,501,743	4,810,895
Net pension liability	151,861	-	151,861
Total noncurrent liabilities	1,476,329	3,501,743	4,978,072
TOTAL LIABILITIES	2,157,874	3,980,701	
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	2,647	-	
NET POSITION			
Net investment in capital assets	5,323,226	(239,265)	5,083,961
Unrestricted	411,055	43,814	454,869
TOTAL NET POSITION	\$ 5,734,281	\$ (195,451)	\$ 5,538,830

20.5% of operating expenses

29.8% of operating expenses (improvement over PY, but total net position still negative)

See accompanying notes to financial statements.

Village of Grosse Pointe Shores, A Michigan City

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

Year Ended June 30, 2015

	Water and Sewer Fund	Marina Fund	Total
OPERATING REVENUES			
Customer billings	\$ 1,583,752	\$ -	\$ 1,583,752
Other charges for services	-	198,819	198,819
TOTAL OPERATING REVENUES	1,583,752	198,819	1,782,571
OPERATING EXPENSES			
Water supply and sewage disposal	1,207,467	-	1,207,467
Repairs and maintenance	177,279	30,244	207,523
General and administrative	141,102	2,695	143,797
Utilities	-	6,853	6,853
Depreciation and amortization	477,092	107,116	584,208
TOTAL OPERATING EXPENSES	2,002,940	146,908	2,149,848
OPERATING INCOME (LOSS)	(419,188)	51,911	(367,277)
NONOPERATING REVENUES (EXPENSES)			
Interest expenses and fees	(34,816)	(151,686)	(186,502)
Interest revenue	-	952	952
TOTAL NONOPERATING REVENUES (EXPENSES)	(34,816)	(150,734)	(185,550)
(LOSS) BEFORE TRANSFERS	(454,004)	(98,823)	(552,827)
TRANSFERS			
Transfers in	373,491	100,000	473,491
Transfers out	(225,000)	-	(225,000)
TOTAL TRANSFERS	148,491	100,000	248,491
CHANGE IN NET POSITION	(305,513)	1,177	(304,336)
Restated net position, beginning of year	6,039,794	(196,628)	5,843,166
Net position, end of year	\$ 5,734,281	\$ (195,451)	\$ 5,538,830

Decreased 4.7%

Decreased 11.5%

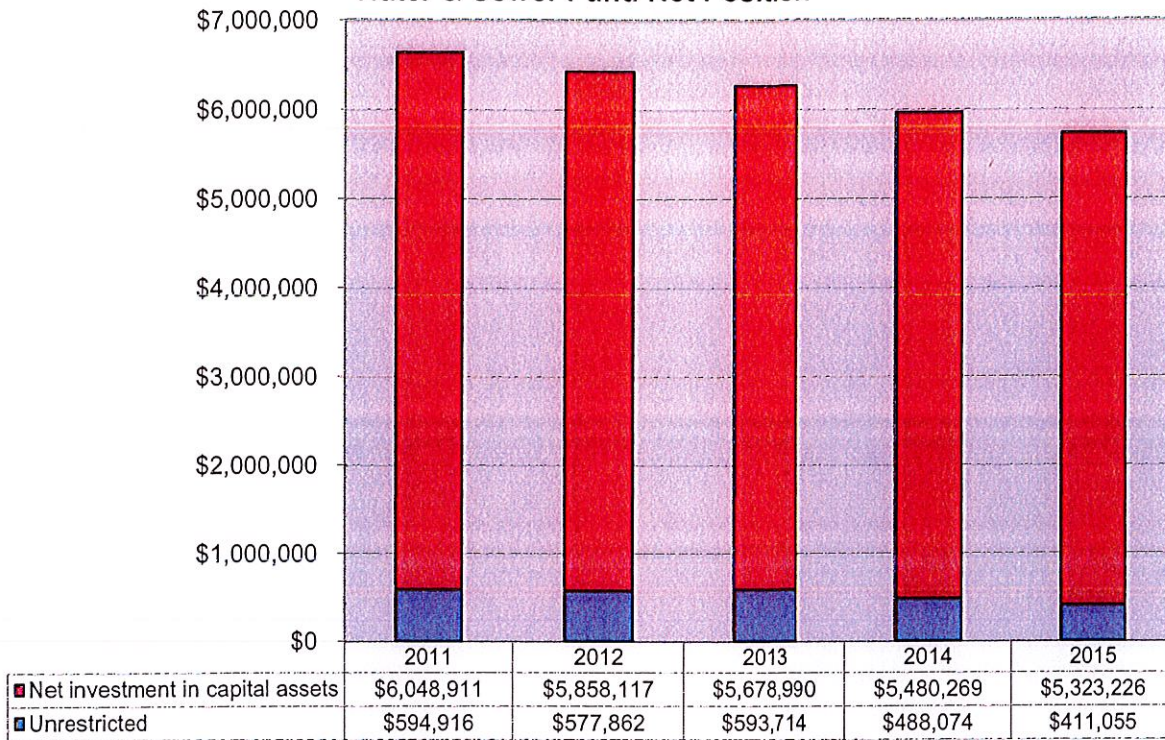
Decreased <1%

Decreased 41.6%

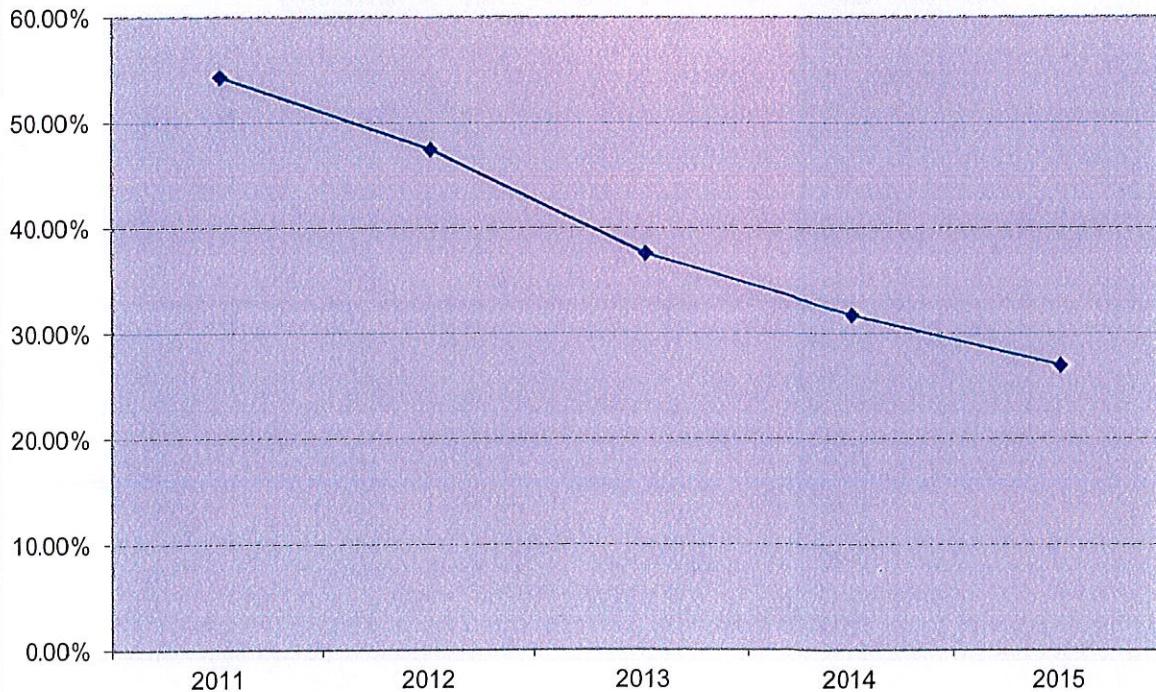
Decrease in net position

Improved total net position - amount invested in capital is still negative

**Village of Grosse Pointe Shores, a Michigan City
Water & Sewer Fund Net Position**

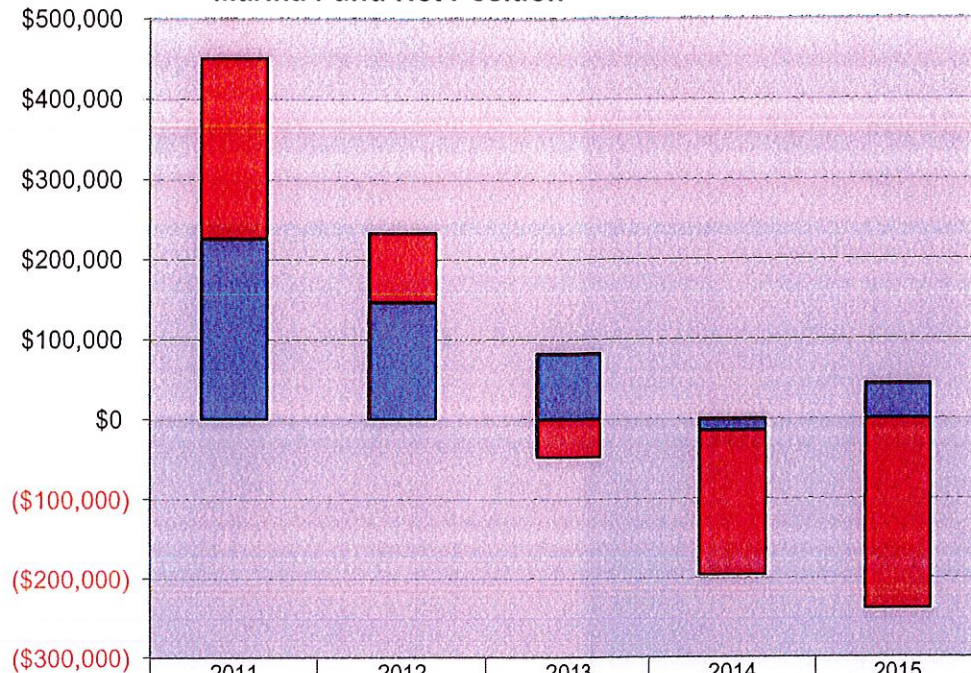


**Village of Grosse Pointe Shores, a Michigan City
Water & Sewer Fund Unrestricted Net Position
as a Percentage of Operating Expenses (less Depreciation)**



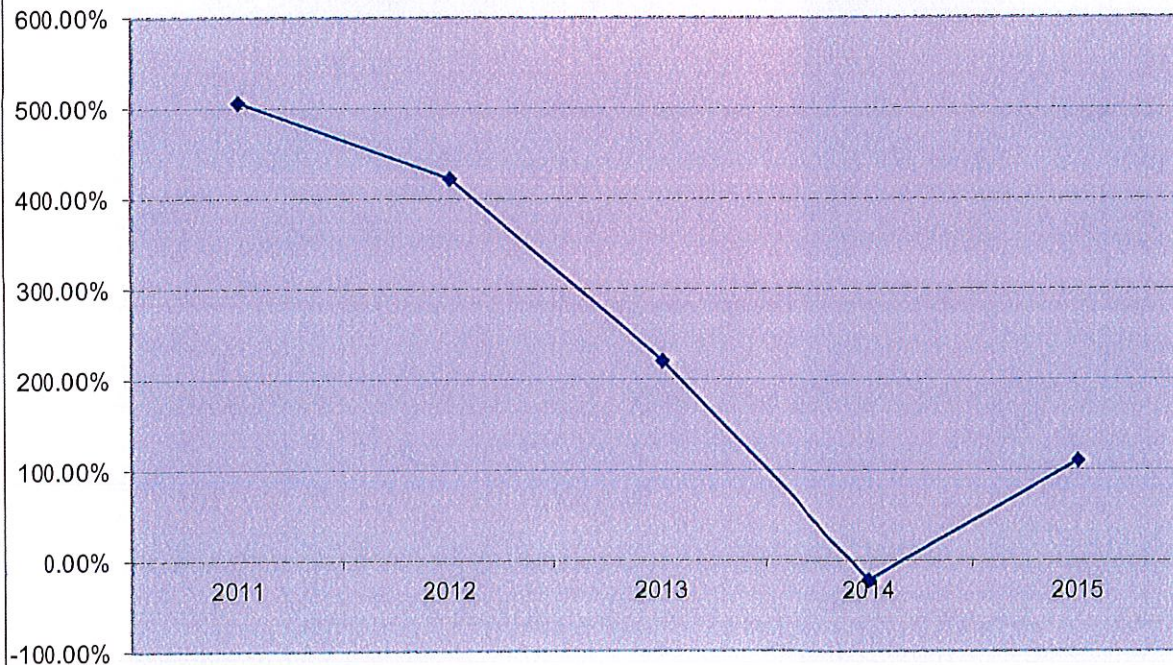
Improvements in "operational" financial statements, but still upside down on the LTD

Village of Grosse Pointe Shores, a Michigan City Marina Fund Net Position



	2011	2012	2013	2014	2015
Net investment in capital assets	\$224,467	\$86,328	(\$47,910)	(\$182,149)	(\$239,265)
Unrestricted	\$226,365	\$147,395	\$82,427	(\$14,479)	\$43,814

Village of Grosse Pointe Shores, a Michigan City Marina Fund Unrestricted Net Position as a Percentage of Operating Expenses (less Depreciation)



Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS**

To the City Council
Village of Grosse Pointe Shores, A Michigan City
Wayne and Macomb Counties, Michigan

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Grosse Pointe Shores, A Michigan City (the City) as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in internal control to be a significant deficiency:

CREDIT CARD PROCEDURES

During our testing of internal controls over credit card transactions at the City, we noted that the City was not following its own credit card policy. Specifically, we noted the following:

- Two (2) instances where the receipt supporting the transaction did not match the credit card statement; and
- Three (3) instances where the public purpose for the expenditure was not adequately documented.

We recommend that the City evaluate procedures related to the usage of credit cards to assure the City's policy is being followed.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported:

This communication is intended solely for the information and use of management, City Council, and others within the Village of Grosse Pointe Shores, A Michigan City, and is not intended to be, and should not be, used by anyone other than these specified parties.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

November 12, 2015

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NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE O: SUBSEQUENT EVENTS

On October 15, 2015, the 2015 Refunding Bonds were issued for \$3,900,000 for the purpose of refinancing the City's outstanding General Obligation Limited Tax Bonds, Series 2007, which were originally issued for the purpose of paying the costs of acquiring, constructing, and equipping improvements and renovations to the marina at the City's George Osius Municipal Park.

NOTE P: UPCOMING PRONOUNCEMENTS

In February 2015, the GASB issued **Statement No. 72, *Fair Value Measurement and Application***. This statement addresses accounting and financial reporting related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The City is currently evaluating the impact this standard will have on the financial statements when adopted for the 2015-2016 fiscal year.

In June 2015, the GASB issued **Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans***. The statement will establish accounting and financial reporting requirements related to other postemployment benefit plans and specify the required approach to measuring the OPEB liability of employers. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. This statement will be effective for the 2016-2017 fiscal year.

In June 2015, the GASB issued **Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***. The statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The statement requires governments providing other postemployment benefits (OPEB) to recognize their unfunded OPEB obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2017-2018 fiscal year.

In June 2015, the GASB issued **Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments***. The statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2015-2016 fiscal year.

In August 2015, the GASB issued **Statement No. 77, *Tax Abatement Disclosures***. The statement improves financial reporting through the disclosure of information about the nature and magnitude of tax abatements that are not consistently or comprehensively reported to the public at present. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016-2017 fiscal year.

NOTE P: DEFICIT NET POSITION

The Marina Fund has a negative total net position at June 30, 2015. In addition, its current assets were less than its current liabilities. However, based on the guidance provided in the Michigan Department of Treasury Numbered Letter 2014-1, the current portion of long-term debt should not be considered when calculating the difference between current assets and current liabilities. Without considering the current portion of long-term debt, the Marina Fund's current assets exceed the remaining current liabilities and a deficit elimination plan is not required to be filed with the Michigan Department of Treasury.

Thank you for your time.

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